

ATTACHMENT

D



CALIFORNIA BOARD OF ACCOUNTANCY
2000 EVERGREEN STREET, SUITE 250
SACRAMENTO, CA 95815-3832
TELEPHONE: (916) 263-3680
FACSIMILE: (916) 263-3675
WEB ADDRESS: <http://www.dca.ca.gov/cba>

Attachment D



COMMITTEE ON PROFESSIONAL CONDUCT
MINUTES OF THE MEETING

FINAL

November 17, 2005
Delta King
1000 Front Street
Sacramento, CA 95815

CALL TO ORDER

The meeting of the Committee on Professional Conduct (CPC) was called to order at 10:05 a.m. by Ronald Blanc, Chair. Mr. Blanc indicated that to ensure compliance with the Bagley-Keene Open Meeting Act, when a quorum of the Board is present at this meeting (eight members of the Board), Board members who are not serving on the committee must attend as observers only. Ms. Sigmann introduced George Ritter, the Board's new legal counsel from the Department of Consumer Affairs.

Present:

Ronald Blanc, Chair
Richard Charney
Gail Hillebrand
Thomas Iino
Renata Sos
David Swartz

Staff and Legal Counsel

Mary Crocker, Assistant Executive Officer
Michael Granen, Deputy Attorney General
Patti Franz, Licensing Manager
Greg Newington, Chief, Enforcement Program
Dan Rich, Manager, Administrative Services
George Ritter, Legal Counsel
Theresa Siepert, Executive Analyst
Carol Sigmann, Executive Officer
Aronna Wong, Legislation/Regulations Coordinator

Other Participants

Maureen Blasko, Ernst and Young LLP
Michael Duffey, Ernst and Young LLP
Julie D'Angelo Fellmeth, Center for Public Interest Law

Bobbie Jarvis, California Society of Accounting and Tax Professionals
Harish Khanna, Chair, Administrative Committee
Art Kroeger, Society of California Accountants
Richard Robinson, Richard Robinson and Associates
Hal Schultz, California Society of Certified Public Accountants
Jeannie Tindel, California Society of Certified Public Accountants
Rob Trancoso, Center for Public Interest Law

Board Members Observing

Ruben Davila
Donald Driftnier
Sally Flowers
Clifton Johnson
Bill MacAloney
Olga Martinez

I. Minutes of the September 15, 2005, CPC Meeting.

It was moved by Mr. Swartz, seconded by Ms. Sos, and unanimously carried to approve the minutes of the September 15, 2005, CPC meeting.

II. Consideration of Requirements for Continuing Education Delivered Via a Web Cast Platform.

Ms. Franz indicated that the CPC had before it for consideration the issue of whether continuing education (CE) for active license renewal may be delivered in a Web cast format. She noted that the subject came to the attention of staff when a Web cast CE provider, LearnLive Technologies, requested permission to deliver one of the format.

Ms. Franz indicated that, in considering this request, staff identified two issues which make it appropriate for this matter to be considered by the CPC and the Board. She noted that PC&E courses are preapproved based on criteria adopted by the Board and reflected in the regulations. This detailed review and approval process reflects the Board's position that PC&E courses are of extreme importance. Ms. Franz explained that when the Board established the requirements for PC&E courses, Web cast courses did not exist, so the Board has not had an opportunity to determine if Web casts are an appropriate means of delivery for PC&E courses. She added that the second reason for consideration of this matter by the CPC and the Board is to evaluate whether existing CE requirements are adequate for Web cast courses and, if not, what additional requirements should apply.

Ms. Franz then called the CPC's attention to the issue paper provided for the meeting (Attachment 1). She noted that attached to that issue paper is information from the California Society of Certified Public Accountants' (CalCPA's) Education Foundation Web Site, information related to the National Association of State Boards of Accountancy's (NASBA's) Registry of Continuing Professional Education Sponsors, and also information provided by LearnLive Technologies.

Ms. Franz then provided information regarding Web casts. She explained that Web casts are a way of delivering CE via the Internet. The typical format involves a split screen in which the live face of the instructor appears on one side and additional information related to the course appears on the other. Ms. Franz indicated that while this can be a convenient method of CE delivery, there are some challenges created by the fact the instructor cannot see the attendees. For example, there are challenges in monitoring attendance. She noted that NASBA's Registry requires that Web cast providers monitor attendance by having interactive questions and answers that participants must respond to during the course of the presentation. While the Board does not require that providers follow NASBA's guidelines, LearnLive Technologies is registered with NASBA and adheres to the guidelines. Ms. Franz added that the NASBA guidelines also require that the instructor be present and that participants have an opportunity to ask the instructor questions during the presentation. This is accomplished by e-mailed messages to the instructor. Since the questions are generally answered during the course, other participants can hear the questions and answers as well. Ms. Franz further indicated that NASBA's guidelines require providers to verify attendance and issue certificates of completion at the end of the course.

Ms. Franz then explained that, with all of these features in place, staff believe that the LearnLive Technologies course meets the Board's requirements for live presentation continuing education. The requirements are that the provider confirm attendance; that the provider have written educational goals, objectives, and a course syllabus; and that the provider issue a certificate of completion at the end of the course. Ms. Franz noted that, under the Board's current regulations, there is no authority to mandate that Web cast providers employ any other mechanisms for presenting a good quality course.

Ms. Franz then called the CPC's attention to the three options presented in the issue paper. Option 1 would involve making no changes to the Board's regulations, but revising the informational materials on the Board's Web site to communicate that existing live presentation requirements apply to Web cast courses. The Web communication could also include information suggesting what features licensees may want to look for in Web cast courses. Option 2 would involve revising the regulations for PC&E courses to include specific requirements for Web cast courses. This could include some of the requirements in NASBA's guidelines. Option 3 would involve revising the regulations for all CE providers to include requirements for Web cast courses. Ms. Franz noted that if an option is selected that requires a regulation change, draft regulations could be provided for consideration in January 2006 and a regulation hearing could be scheduled for the May 2006 Board meeting. Ms. Franz concluded her presentation by indicating that a representative from LearnLive Technologies was on stand-by via the telephone should the CPC have any questions.

During the discussion, Mr. Blanc inquired if existing regulations contained adequate requirements for Web casts. Ms. Franz clarified that the three requirements for live presentation courses are the only requirements that currently exist for Web cast courses. She noted that if the CPC and the Board conclude that this is sufficient, the

regulations would not need to be modified. However, if the Board wants to add other requirements such as a requirement related to the quality of the delivery of the Web cast or the frequency with which attendance is monitored, then the regulations would need to be revised.

Ms. Sos inquired if the Board had previously considered NASBA's Registry and evaluated the possibility of requiring that CE providers register with NASBA. Ms. Crocker indicated that the Board had considered it in the past and decided not to require CE providers to register with NASBA because there are activities such as tax meetings held by CalCPA and internal CE conducted by firms that the Board believed are valuable for licensees but might not conform to NASBA's guidelines.

Ms. Sos also inquired, about the resources that would be needed to enforce the new requirements if Option 3 were selected. Ms. Franz indicated that currently licensees self-certify that the CE courses they complete meet the Board's requirements. She added that it is not unusual for licensees to notify the Board office if a course does not meet the Board's standards. Ms. Crocker added that, under current regulations, when a problem comes to the attention of Board staff, they inform the provider that it is out of compliance and must come into compliance for its courses to qualify as acceptable CE. She added that when this happens, licensees who have taken the course would not be penalized and would still receive CE credit for the course. She noted that if a regulation related to Web casts were adopted, a similar procedure would apply. She added that, without a regulation, information could be posted on the Board's Web site communicating the elements of a good Web cast course, however the Board could not require compliance.

Mr. Swartz expressed support for Option 3 because he believed it was important for Web cast courses to include interactive features. He noted that there was a need for lead time during which current courses are still qualifying and providers have an opportunity to make the modifications necessary for compliance. Ms. Crocker indicated that the regulation could be drafted to provide for adequate lead time. Ms. Hillebrand expressed support for Option 3 indicating the regulations should require providers to have a mechanism for interchange and interaction.

After discussion it was moved by Mr. Swartz, seconded by Ms. Hillebrand, and unanimously carried to recommend that the Board adopt Option 3 of the staff analysis (Attachment 1) which provides for revising the Board's regulations to include specific requirements for Web cast CE and, while the regulations are being promulgated, allowing Web casts that comply with current requirements to qualify as live presentation CE. In addition, the regulations would provide for sufficient lead time to give providers an opportunity to come into compliance.

Mr. Schultz indicated that NASBA is in the process of developing a provider manual that may give additional guidance relevant to Web casts and verifying attendance. Ms. Sos asked staff to review NASBA's proposal as part of developing the Board's regulation.

Attachment 1

CONTINUING EDUCATION DELIVERED VIA A WEB CAST PLATFORM

BACKGROUND:

To assist licensees in keeping their knowledge current, the Board mandates 80 hours of continuing education (CE) every two years for active status license renewal. The general framework of the Board's CE requirements is established by statute in Business and Professions Code Sections 5026, 5027, and 5028 (Attachment 1). Sections 87 through 90 of the Board's regulations provide for implementation (Attachment 2).

With the exception of the required Professional Conduct and Ethics (PC&E) course, the Board does not review or approve CE courses or course providers. Instead, the Board's regulations include general requirements related to qualifying programs, provider requirements, and record keeping. The regulations provide for the delivery of CE in two basic formats: live presentation in which the instructor and course participants meet in a classroom or meeting room setting and self-study in which the learner individually works through the course materials at his or her own pace. For both formats, the Board's regulations require that there be educational goals, specific learning objectives, and a course syllabus. Also, for both formats, the Board's regulations require the provider to issue certificates of completion. The formats differ in the way they grant CE credit. Credit for a live presentation course is based on the length of the course measured in 50-minute class hours. Participants in a live presentation course must attend the entire class to receive CE credit. Credit for a self-study course is based upon the average completion time. Self-study courses require that the participant pass a test to receive CE credit. (See Sections 88.1 and 88.2 in Attachment 2 for more details.)

Courses in PC&E – required every six years for active status license renewal – are unique in that they require Board approval. In addition to meeting the Board's general requirements for CE courses, PC&E courses must include specified materials and must be a minimum of eight hours in length. Self-study PC&E courses require a 90 percent passing score. This and other detailed requirements for PC&E courses are specified in Section 87.7 of the Board's regulations which was originally adopted in 1996 and revised in 2000. The comprehensive approval process for PC&E courses reflects the Board's belief in the critical importance of the course's subject matter for all licensees practicing public accountancy.

Recently the Board received a request from a Web cast provider to deliver an existing Board-approved PC&E course in a Web cast format (a CE program broadcast over the Internet). Because PC&E courses are approved by the Board and more requests of this kind are anticipated, this matter is before the CPC and the Board to evaluate Web casts as a method of PC&E delivery and, if it is determined to be an acceptable method of

delivery, to assess whether any modifications to current PC&E regulations are necessary to ensure that quality courses can be delivered in a Web cast format.

Additionally, as staff researched this issue, it became apparent that Web casts are becoming an increasingly common method of CE delivery and that a broad range of courses are currently available via Web casts. With this in mind, the CPC and the Board may want to consider not only the delivery of PC&E courses via Web casts but also the broader issue of whether the general requirements for CE delivery should be modified to better address courses delivered in a Web cast format.

DISCUSSION:

For preparation of this issue paper, information regarding Web casts was obtained through a review of information on the CalCPA Education Foundation's Web site (Attachment 3) and from consideration of NASBA's "Information for Continuing Professional Education (CPE) Program Sponsor Applicants." The NASBA document includes standards for courses delivered via Web casts – referred to as "Group Internet-based Programs" (see Attachment 4). In addition, LearnLive Technologies, the company that is requesting permission to deliver a PC&E course via a Web cast, provided staff with a demonstration and detailed information regarding the methods and procedures it uses to deliver Web cast courses (see Attachment 5).

This research indicates that California CPAs have the option of obtaining a variety of CE courses via Web casts. NASBA's National Registry of CPE Sponsors lists more than 90 sponsors that offer some kind of Group Internet-based CE. California CPA Education Foundation offers web casts through two companies: Accounting Continuing Professional Education Network (ACPEN) and LearnLive Technologies (LearnLive) both of which are included in NASBA's Registry.

A typical format involves a PowerPoint presentation which is seen in a split screen format along with the face of the live instructor. One obvious benefit of the Web cast format is that CE can be obtained in one's home or office without the inconvenience of having to travel to a different location. Participants only need to sit down at the computer during the scheduled class time. Handouts and other materials can be provided through the Internet. For example, the California CPA Education Foundation indicates its Web cast courses have materials which can be downloaded from the Web before the course begins.

On the other hand, there are also challenges involved in making a Web cast course as effective as a course delivered through the more traditional live presentation method. While the instructor and the course participants are viewing the same PowerPoint slides and the course participants can see the instructor, the instructor cannot see the participants to monitor their presence in the course or to modify the presentation based on facial expressions or body language which might suggest participants do not understand the material being presented. In addition, participants are not able to see or interact with others taking the course.

Sophisticated technology is used in an effort to meet these challenges. To monitor attendance and ensure that participants are actually present while the course is being presented, participants are asked to provide responses at intervals during the course. Standards developed by NASBA (page 4 of Attachment 4) require the provider to "employ some type of monitoring device to verify that ALL participants are actively participating during the duration of the course." The monitoring device may require each participant to enter a password at irregular intervals during the program or require that the participant respond to questions.

LearnLive Technologies has indicated that they rely on the question/response process which they refer to as an "interaction." The participant's response is date and time stamped to create an electronic record of attendance. LearnLive Technologies has a minimum of three interactions during the first hour and four interactions each hour thereafter. These interactions include multiple choice or yes/no questions (also known as polling) and processes such as brainstorming during which participants type in their responses to a question. The results of these interactions are displayed on the screen for the instructor and other participants to view. For example, for polling, the screen displays the percentage of participants picking each multiple-choice answer. For brainstorming, the screen displays the responses typed by each participant. These interactions not only serve as a mechanism for monitoring attendance, but also provide feedback to the instructor help foster a sense of this is a group learning experience, and not a computer-based self-study course.

Also unlike self-study and more in keeping with other live presentation formats, Web cast courses can provide an opportunity for participants to ask questions. NASBA's standards (page 4 of Attachment 4) specifically require that the instructor be present and that participants have the opportunity to ask questions and receive answers during the presentation. LearnLive Technologies accomplishes this by allowing participants to type in a question and send it to the instructor at any time during the class. Generally the instructor reads the questions to the group and provides an answer orally during the course of the presentation so that participants can hear the questions posed by other class participants. One disadvantage to this approach is that the participant may stop listening to the material being presented in order to attend to typing in his or her question. Also, if the question is unclear, there is no opportunity for the instructor to interact with the person asking the question in order to get clarification.

At the end of the Web cast course, the provider can review each participant's record of participation. If participation is adequate, a certificate of completion can be made available to participants on-line. NASBA's standards (page 4 of Attachment 4) indicate that "Participants that fail to respond to a determined percentage (set by the sponsor) of such monitoring should be denied CPE credit for the program." LearnLive Technologies has indicated that participants must respond to at least 80% of the interactions before credit will be granted.

With these features in place, Web casts meet the Board's requirements for live presentation classes. Section 88.1 of the Board's regulations specifies three requirements for a live presentation CE course: the provider must require attendance, the provider must have written educational goals and learning objectives as well as a

syllabus, and the provider must issue certificates of completion. The information discussed above indicates that Web casts can meet all of these requirements.

OPTIONS FOR CONSIDERATION:

Web casts are a fairly new, but an increasingly popular, form of CE delivery. The issue before the CPC and the Board is how best to address Web cast CE both for PC&E courses and for other CE classes in order to support the delivery of quality CE courses for licensees.

To address this issue, the following options are provided for consideration:

Option 1:

Make no changes to existing statutes or regulations, but revise the Board's informational materials and postings on its Web site to communicate that the existing requirements for live presentation CE courses also apply to CE delivered via a Web cast including PC&E courses. The Board could also communicate the kinds of features licensees should look for in Web cast CE such as the ability to ask questions during the course.

Advantages:

- Providing informational materials including information on the Board's Web site is an efficient method of making information available to licensees and CE providers.
- The current requirements for live presentation courses may set adequate standards for both PC&E and other Web cast courses since the monitoring of attendance and the issuance of certificates of completion are mandated by current regulations, therefore, there would be no need to pursue legislation or regulation changes.

Disadvantage:

- Existing regulations may be outdated and inadequate since they make no mention of Web cast technology and provide no consistent, enforceable standard for Web cast courses beyond requirements originally developed for traditional live presentation courses.

Option 2:

Revise the Board's regulations related to PC&E courses to include specific requirements for Web cast courses. This can include NASBA's standards and any enhancements or additions specified by the Board. For example, the Board may want to specify the number of times each hour that a Web cast provider must employ a monitoring device to check attendance and the percentage of times a participant must respond to such monitoring devices in order to receive CE credit. Also, the Board may want to require that the Web cast technology employed be adequate to ensure a quality audio/video presentation and that there be a policy for resolving problems resulting from technical difficulties or power failures.

Advantages:

- Revising the regulations in this way would help ensure that PC&E courses delivered via Web casts provide the high quality educational experience that is appropriate for this critical subject area.
- Revising the PC&E regulations would make them more consistent with today's technology and with NASBA's standards.
- The comprehensive review and approval procedure in place for PC&E courses can be utilized to oversee Web cast PC&E courses and enforce the standards in the regulations.

Disadvantage:

- Since this option only addresses PC&E courses, it would provide no consistent standards for the hundreds of the other CE courses delivered via Web casts.

Option 3:

Revise the Board's regulations related to all CE to include specific requirements for all Web cast courses. This can include revisions similar to the revisions discussed under Option 2. In addition, while the Board is going through the many steps necessary to promulgate regulations, information can be posted on the Board's Web site along the lines discussed in Option 1.

Advantages:

- Revising the regulations in this way would provide a consistent standard related to Web casts for all CE courses, rather than just PC&E courses as in Option 2.
- This option would make the Board's CE regulations more consistent with today's technology and with NASBA's standards.
- Providing informational materials on the Board's Web site will help ensure information reaches licensees and CE providers while the Board is completing the rulemaking process.

Disadvantage:

- Some may argue that there is little benefit in establishing specific Web cast requirements for CE courses other than PC&E since the Board does not have a mechanism to assess compliance with the requirements.

If Option 2 or Option 3 is selected, draft regulations can be provided to the Board for approval at its January 2006 meeting, and a regulation hearing can be scheduled for May 2006.

BUSINESS AND PROFESSIONS CODE

SECTIONS 5026-5028

5026. The Legislature has determined it is in the public interest to require that certified public accountants and public accountants licensed under provisions of this chapter comply with continuing education requirements adopted by the board as a prerequisite to the renewal of public accountancy licenses on and after December 31, 1974.

5027. The board shall by regulation prescribe, amend, or repeal rules including, but not limited to, all of the following:

- (a) A definition of basic requirements for continuing education.
- (b) A licensee who plans, directs, or approves any financial or compliance audit report on any governmental agency shall complete a minimum of 24 hours of qualifying continuing education in the area of governmental accounting and auditing or related subjects during the two-year license renewal period.
- (c) A licensee who provides audit, review, other attestation services, or issues compiled financial statement reports shall, during the two-year license renewal period, complete a minimum of 24 hours of qualifying continuing education in the area of accounting and auditing related to reporting on financial statements.
- (d) A licensee with a valid permit to practice public accountancy shall, within a six-year period, complete a continuing education course on the provisions of this chapter and the rules of professional conduct.
- (e) A licensee on inactive status shall complete the continuing education course required by subdivision (d) prior to reentering public practice.
- (f) A delineation of qualifying programs for maintaining competency.
- (g) A system of control and compliance reporting.

In exercising its power under this section for the interests of consumer protection, the board shall establish standards which will assure reasonable currency of knowledge as a basis for a high standard of practice by licensees. The standards shall be established in a manner to assure that a variety of alternatives are available to licensees to comply with the continuing education requirements for renewal of licenses and taking cognizance of specialized areas of practice.

5028. The board may, in accordance with the intent of this article, make exceptions from continuing education requirements for licensees not engaged in public practice, or for reasons of health, military service, or other good cause; provided, however, that if such licensee returns to the practice of public accounting he shall meet such continuing education requirements as the board may determine.

Sections 87 – 90 of the California Board of Accountancy Regulations Related to Continuing Education

87. Basic Requirements.

(a) 80 Hours.

As a condition of active status license renewal, a licensee shall complete at least 80 hours of qualifying continuing education as described in Section 88 in the two-year period immediately preceding license expiration and meet the reporting requirements specified in subsection (a) of Section 89. A licensee engaged in the practice of public accountancy as defined in Section 5051 of the Business and Professions Code is required to hold a license in active status. No carryover of continuing education is permitted from one two-year license renewal period to another.

(b) Government Auditing Continuing Education Requirement.

A licensee who engages in planning, directing, conducting substantial portions of field work, or reporting on financial or compliance audits of a governmental agency shall complete 24 of the 80 hours required pursuant to subsection (a) in the areas of governmental accounting, auditing or related subjects. This continuing education shall be completed in the same two-year license renewal period as the report is issued. A governmental agency is defined as any department, office, commission, authority, board, government-owned corporation, or other independent establishment of any branch of federal, state or local government. Related subjects are those which maintain or enhance the licensee's knowledge of governmental operations, laws, regulations or reports; any special requirements of governmental agencies; subjects related to the specific or unique environment in which the audited entity operates; and other auditing subjects which may be appropriate to government auditing engagements. A licensee who meets the requirements of this subsection shall be deemed to have met the requirements of subsection (c).

(c) Accounting and Auditing Continuing Education Requirement.

A licensee who engages in planning, directing, performing substantial portions of the work, or reporting on an audit, review, compilation, or attestation service, shall complete 24 hours of the 80 hours of continuing education required pursuant to subsection (a) in the course subject matter specified in this subsection. Course subject matter must pertain to financial statement preparation and/or reporting (whether such statements are prepared on the basis of generally accepted accounting principles or other comprehensive bases of accounting), auditing, reviews, compilations, industry accounting, attestation services, or assurance services. This continuing education shall be completed in the same two-year license renewal period as the report is issued. If no report is issued because the financial statements are not intended for use by third parties, the continuing education shall be completed in the same two-year license renewal period as the financial statements are submitted to the client.

(d) A licensee who must complete continuing education pursuant to subsections (b) and/or (c) of this section shall also complete an additional eight hours of continuing education specifically related to the detection and/or reporting of fraud in financial

statements. This continuing education shall be part of the 80 hours of continuing education required by subsection (a), but shall not be part of the continuing education required by subsection (b) or (c). This requirement applies to licensees who renew their licenses on or after July 1, 2005.

(e) New Licensees.

(1) A licensee receiving an initial CPA license from the California Board of Accountancy shall be required to complete 20 hours of continuing education as described in Section 88 for each full 6 month interval in the initial license period as a condition of active status license renewal.

(2) A licensee engaged in governmental auditing as described in subsection (b) at any time during the initial license period shall complete 6 hours of governmental continuing education as described in subsection (b) as part of each 20 hours of continuing education required for active status license renewal.

(3) A licensee who provides audit, review, compilation, or attestation services as described in subsection (c) at any time during the initial license period shall complete 6 hours of accounting and auditing continuing education as described in subsection (c) as part of each 20 hours of continuing education required for active status license renewal.

(4) If the initial license period is less than 6 full months, there is no continuing education required for license renewal.

(f) Out-of State Licensees.

Any person who applies to the Board for a certified public accountant certificate under the provisions of Section 5087, may obtain the Board's approval to engage in the practice of public accountancy under the provisions of Section 5088 subject to the applicant having completed 80 hours of qualifying continuing education within the preceding two (2) years. The Board reserves the right to verify the applicant's continuing education. If a CPA certificate is granted by the California Board of Accountancy, the provisions of subsection (e) shall apply.

(g) Failure to Comply.

A licensee's willful failure to comply with the requirements of this section shall constitute cause for disciplinary action pursuant to Section 5100(g) of the Accountancy Act.

NOTE: Authority cited: Section 5027, Business and Professions Code. Reference: Sections 5026, 5027, 5028, 5051 and 5088, Business and Professions Code.

87.1. Conversion to Active Status Prior to Renewal.

(a) A licensee who has renewed his/her license in inactive status may convert to active status prior to the next license expiration date by (1) completing 80 hours of continuing education credit, including the professional conduct and ethics course required by Section 87.7, in the 24 month period prior to return to active status; (2) notifying the board in writing at least 10 days prior to return to active status; and (3) completing any continuing education that is required pursuant to subsection (f) of Section 89.

(b) A licensee who, during the 24 months prior to return to active status, planned, directed, or conducted substantial portions of field work, or reported on financial or compliance audits of a governmental agency shall complete 24 hours of continuing education in governmental accounting and auditing as described in Section 87(b) as part of the 80 hours of continuing education required to return to active status under subsection (a).

(c) A licensee who, during the 24 months prior to return to active status, planned, directed, or performed substantial portions of the work or reported on an audit, review, compilation, or attestation service shall complete 24 hours of continuing education in accounting and auditing as described in Section 87(c) as part of the 80 hours of continuing education required to return to active status under subsection (a).

(a) A licensee who must complete continuing education pursuant to subsections (b) and/or (c) of this section shall also complete an additional eight hours of continuing education specifically related to the detection and/or reporting of fraud in financial statements. This continuing education shall be part of the 80 hours of continuing education required by subsection (a), but shall not be part of the continuing education required by subsections (b) or (c). This requirement applies to licensees who convert to active status on or after July 1, 2005.

(e) Once returned to active status, the licensee must complete 20 hours of continuing education for each full 6 month period from the date of change to active status to the next license expiration date in order to fulfill the continuing education requirement for license renewal. If the time period between the date of change to active status and the next license expiration date is less than 6 full months, no additional continuing education is required for license renewal.

(f) Once returned to active status, a licensee who engages in financial or compliance auditing of a governmental agency at any time between the date of change to active status and the next license expiration date shall complete 6 hours of governmental continuing education as part of each 20 hours of continuing education required under subsection (e). Continuing education in the areas of governmental accounting and auditing shall meet the requirements of Section 87(b).

(g) Once returned to active status, a licensee who engages in audit, review, compilation, or attestation services at any time between the date of change to active status and the next license expiration date shall complete 6 hours of continuing education in accounting and auditing as part of each 20 hours of continuing education required under subsection (e). Continuing education in the areas of accounting and auditing shall meet the requirements of Section 87(c).

NOTE: Authority cited: Sections 5010 and 5027, Business and Professions Code.

Reference: Section 5028, Business and Professions Code.

87.5 Additional Continuing Education Requirements.

(a) Following an investigation or hearing conducted pursuant to Business and Professions Code Section 5020 the Board or its designee may order a licensee to: